



Item: 9

Monitoring and Audit Committee: 26 September 2024

Internal Audit – Sanday Community School

Report by Chief Internal Auditor

1. Overview

- 1.1. The internal audit plan 2024/25 included a review of administrative procedures and controls operating within Sanday Community School, this audit has been completed and the internal audit report is attached as Appendix 1 to this report.
- 1.2. Sanday Community School serves the island of Sanday and offers education and support to pupils from the early years up until the end of S4. The school benefits from a community wing which includes a swimming pool.
- 1.3. The school roll has around 61 pupils with eight children attending the nursery.
- 1.4. The objective of this audit was to review operational procedures in place at Sanday Community School, focusing on administration, security, financial management and human resource management.
- 1.5. The audit provides Adequate assurance over the framework of administrative procedures and controls operating within Sanday Community School
- 1.6. The internal audit report, attached as Appendix 1 to this report, includes one medium priority recommendations regarding risk assessments and nine low priority recommendations regarding a system of policy review, data retention, asset management, mandatory training, bank reconciliation, the community school handbook, a business continuity plan and the use of official purchase orders. There are no high priority recommendations made as a result of this audit.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i. Scrutinise the findings contained in the internal audit report, attached as Appendix 1 to this report, relating to administrative procedures and controls operating within Sanday Community School, in order to obtain assurance that action has been taken or agreed where necessary.

For Further Information please contact:

Andrew Paterson, Chief Internal Auditor, Extension 2107, email andrew.paterson@orkney.gov.uk.

Implications of Report

- 1. Financial:** None directly related to the recommendations in this report.
- 2. Legal:** None directly related to the recommendations in this report.
- 3. Corporate Governance:** In terms of the Scheme of Administration, consideration of Internal Audit findings and recommendations and to review actions taken on recommendations made, is a referred function of the Monitoring and Audit Committee.
- 4. Human Resources:** None directly related to the recommendations in this report.
- 5. Equalities:** An Equality Impact Assessment is not required in respect of Internal Audit Reporting.
- 6. Island Communities Impact:** An Island Communities Impact report is not required in respect of Internal Audit Reporting.
- 7. Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities.
 - Developing our Infrastructure.
 - Transforming our Council.
- 8. Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - Cost of Living.
 - Sustainable Development.
 - Local Equality.
- 9. Environmental and Climate Risk:** None directly related to the recommendations in this report.
- 10. Risk:** Internal Audit evaluates the effectiveness and contributes to the improvement of the risk management processes.
- 11. Procurement:** None directly related to the recommendations in this report.
- 12. Health and Safety:** None directly related to the recommendations in this report.
- 13. Property and Assets:** None directly related to the recommendations in this report.
- 14. Information Technology:** None directly related to the recommendations in this report.

15. Cost of Living: None directly related to the recommendations in this report.

List of Background Papers

Internal Audit Plan 2024/25.

Appendix

Appendix 1: Internal Audit Report – Sanday Community School.



Internal Audit

Audit Report

Sanday Community School

Draft issue date: 24 June 2024

Final issue date: 2 September 2024

Distribution list:	Corporate Director for Education, Leisure and Housing Head of Education Service Manager Primary Education Service Manager Secondary Education Service Manager Early Learning and Childcare Service Manager Community Learning, Development and Employability Head Teacher
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Contents

Audit Opinion	1
Executive Summary	1
Introduction	2
Audit Scope.....	2
Audit Findings	3
Action Plan.....	9
Key to Opinion and Priorities.....	11

Audit Opinion

Based on our findings in this review we have given the following audit opinion.

Adequate

Some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.

A key to our audit opinions and level of recommendations is shown at the end of this report.

Executive Summary

Sanday Community School is a key part of the community in Sanday, offering education and support to pupils from the early years up until the end of S4 as well as fostering strong links with local community groups. The school benefits from a community wing which includes a swimming pool and this is well used by the school.

The Head Teacher has recently been appointed and took up this post on a permanent basis in August 2024. The school team in Sanday demonstrate great adaptability and teamwork with some resident in Sanday and some travelling from the Mainland.

This audit reviewed how the school is running operationally from a procedural perspective, focussing on school administration, security, financial management and human resource management.

In the course of the audit, we found examples of good practice including:

- Robust security measures are in place to prevent access to classroom, toilet and office areas during community use of the building.
- Strong links with the Sanday Community Association.
- There is a Community Association Keyholder Handbook which has recently been updated in February 2024 to ensure that there are clear procedures in place for managing the community wing of the building and to define roles and responsibilities.
- Pupil records are held securely on SEEMIS or within a designated locked filing cabinet.
- Pupil attendance is monitored and the Head Teacher is responsive in following up on absences following the Monitoring and Tracking Attendance policy.
- There are photos retained to evidence the contents of each room within the building for insurance purposes and these are regularly updated.
- Good records of fire safety checks and drills are kept. There are four fire drills per year.
- Repairs and maintenance issues are reported timeously and logged on Concerto.
- There are identified first-aiders within the school who have recently completed training and first aid kits are kept stocked and checked each time they are issued. Records are kept of first aid administered.
- There are detailed plans in place to ensure that Pupil Equity Funding (PEF) is spent in line with national and local PEF guidance.
- A Head Teacher induction checklist is sent to newly appointed Head Teachers and this supports regular meetings between Service Managers and Head Teachers, covering many different themes such as safeguarding, health and safety, financial and staff management.

The report includes 10 recommendations which have arisen from the audit. The number and priority of the recommendations are set out in the table below. The priority headings assist management in assessing the significance of the issues raised.

Responsible officers will be required to update progress on the agreed actions via the Ideagen Risk Management system.

Total	High	Medium	Low
10	0	1	9

The assistance provided by officers contacted during this audit is gratefully acknowledged.

Introduction

Orkney has a school population of approximately 3,000. The Education Service oversees 23 schools in Orkney supporting school staff in providing a quality educational experience for all young people, whatever their abilities. The service is committed to providing an enriching cultural environment for pupils through the expressive arts and instrumental tuition service.

Sanday Community School serves the island of Sanday. The school roll has around 61 pupils with 8 children attending the nursery. Pupils can study up to the end of S4 and may then transfer to Kirkwall Grammar School or Orkney College to carry on their education or move into work and training.

There is an early years P1-4 classroom which links directly to the nursery and a P5-7 classroom. There are a range of subjects offered at Secondary level where pupils follow a broad general education until S2 and then make subject choices, leading to a variety of qualifications in S4.

The school was built in 1964 and has been a community school since 1991.

This review was conducted in conformance with the Public Sector Internal Audit Standards.

Audit Scope

Audit work focused on:

1 Schools Administration including:

- Pupil records - maintenance, absence policy and monitoring.
- Inventory - all assets, security of assets including IT equipment.
- School fund - management.
- Risk assessments - procedures.
- Community Use of the School- charging policy and security.
- Repairs and maintenance - procedures.
- First Aid Arrangements - training, equipment, administration of medication.

2 Security including:

- Security of building.
- Safe - contents, security.
- Key holder arrangements.
- Fire drills - records.

- 3 Financial procedures including:
 - Pupil Equity Funding (PEF) - spending, budget monitoring.
 - Petty cash - administration.
 - Banking - arrangements and frequency.
 - Procurement - ordering and payment of goods and services.
 - Devolved School Management (DSM) budget - monitoring.
- 4 Human resources including:
 - Staffing arrangements - appropriate level, contracts.
 - Supply cover - arrangements.
 - Overtime - administration.
 - Timesheets - administration.
 - Additional paid/unpaid leave.

Audit Findings

1.0 Policies and Procedures

- 1.1 Approved and documented procedures relating to all aspects of school management and operation, prepared in accordance with statutory and best practice guidelines, that are accessible to all staff and regularly reviewed, help towards defining clear expectations, ensuring values are applied consistently and providing a framework to support staff, pupils and families alike.
- 1.2 School policies are held on Teams so they are accessible to all school staff. A recent behaviour regulation policy developed by the school in March 2024 has been marked as due for review in March 2025 to ensure it is in line with Council and Scottish Government guidance, demonstrating that policy review is planned for. Some policies are uploaded to the website for parents to view along with the handbook for the school and the nursery handbook which was updated recently in February 2024.
- 1.3 When reviewing the policies and procedures online, it was found that two policies were out of date and required updating as well as the school handbook. We understand the School Handbook update is underway and there is a plan in place for the Head Teacher to review school policies as required in the new term.
- 1.4 To support the system of review over all school policies, procedures and handbooks, a register should be created along with planned review dates for each document. Once reviewed, relevant policies can be uploaded to the website to share with parents and carers.

Recommendation 1

2.0 Document Retention

- 2.1 The Council plans to manage its recorded information in a cost effective, efficient and sustainable way that complies with statutory duties. All files at the school are stored securely electronically or within locked cabinets or cupboards to which access is restricted. Paper pupil files are clearly marked with the pupil's name and date of birth and organised so that they can be easily located.
- 2.2 The Council Retention Schedule lists the documents that the Council keeps as a record of its activities and states the length of time information should be retained for. The school is not

currently using the Retention Schedule to manage retained paper files however this has now been shared with them through the course of the audit visit.

- 2.3 Pupil records retained should be reviewed against the retention schedule and a system should be put in place to manage future records so that they are securely destroyed once the retention period has expired.

Recommendation 2

3.0 Asset Management

- 3.1 Section 20.1.5 of the Financial Regulations states that inventory evidence should be recorded by dated photo which should include office equipment, furnishings, plant and machinery and any other valuable property. For insurance purposes, items worth over £5000 must be recorded and passed on to the insurance officer and should include the purchase price or cost exc. VAT along with the estimated reinstatement or replacement value.
- 3.2 The photo inventory is checked once per year in August and added to when new things are purchased. There are no items worth over £5000 in the school.
- 3.3 Section 20.4.3 of the Financial Regulations states that wherever practical, valuable and desirable moveable property should be clearly marked as the property of the Council.
- 3.4 Through examination of a sample of valuable, moveable property within the Music room at the school, it was found that a number of items were not marked as the property of the Council.
- 3.5 A review of movable, valuable and desirable property should be undertaken and any requiring to be marked as property of the Council should be marked with a UV pen. We understand a UV pen has already been ordered.

Recommendation 3

4.0 ICT Asset Management

- 4.1 School staff ICT equipment is held securely and only accessed by appropriate personnel and there are items of IT equipment such as laptops and ipads that are for use by the pupils.
- 4.2 There is an IT asset register kept which records the items of equipment, their state of repair as well as the location and name of staff member or pupil who is currently using them. A sample of four items of IT equipment were tested against the IT Inventory. One older machine (a laptop issued in 2018) was not logged on the IT register.
- 4.3 Several tablets were observed at the school however these are not recorded on the school IT register. They are however recorded on the Council IT Department register. For ease of management of the register, they should be added to the school register so their condition can be updated regularly by the relevant school staff.
- 4.4 The school IT register should be reviewed regularly and updated to include all items of IT equipment in the school.

Recommendation 4

5.0 Mandatory Training

- 5.1 All Council staff are required to complete mandatory training on iLearn and to refresh their learning periodically as required.

- 5.2 All Sanday school staff have completed mandatory training on iLearn however four members of staff have outstanding refresher training to complete.
- 5.3 All staff indicated as overdue should undertake the mandatory iLearn training as soon as possible. Managers should remind staff members who are overdue to complete these as a priority.

Recommendation 5

6.0 School Fund Management

- 6.1 There is a school fund in place under the name of Sanday Secondary School and bank statements are received monthly, addressed to the current Head Teacher. There is currently only one signatory on the account.
- 6.2 There are procedures in place for the administration of the school fund which include the reconciliation of the income and expenditure to the bank statements. There is a spreadsheet held of payments out as well as several separate records of different funds within the school bank account that record both monies in and out. This ensures that specific funds can be kept for their intended purpose such as school trips.
- 6.3 A sample of bank statements were examined, and each transaction checked to the spreadsheets and records kept to evidence the purpose of payments made or income received. All records reconciled indicating that there is good record keeping and retention of evidence to support payments made from the school fund account as well as income received. All transactions reviewed were school related and pay in slips evidenced that banking is carried out regularly. The Head Teacher reviews all income and outgoings.
- 6.4 School fund guidance is currently under review centrally and will provide a framework to guide the management of school funds. The need for review was identified as part of a previous internal audit.
- 6.5 To facilitate reconciliation with the monthly bank statements, the school's master spreadsheet recording outgoings should be updated to include income so that it is possible to match the balance with the bank statement without having to review the separate funds individually. To ensure segregation of duties is evidenced, when reconciliation has been completed, the Head Teacher should initial or sign and date to indicate this has been completed. The Head Teacher should be added as a signatory to the bank account so that there are at least two permanent members of staff on record.

Recommendation 6

7.0 Risk Management

- 7.1 The Council's Risk Assessment guidelines state that there is a legal duty to carry out and record all risk assessments based on the Management of Health and Safety at Work Regulations 1999.
- 7.2 The main risk assessments for the school are recorded on Evolve, which is concerned with Local Area Visits and Excursions. These are updated before each excursion and shared with all staff involved in that excursion.
- 7.3 The nursery holds risk benefit assessments and certain departments within the school such as Science/Technology/Home Economics hold their own risk assessments.

- 7.4 The Head Teacher is actively seeking risk assessment training and plans to oversee the undertaking of risk assessments as part of this role as well as reviewing what is currently in place.
- 7.5 The risk assessments sampled at the school had not been completed by a member of staff who has completed risk assessment training. The risk assessments had all recently been reviewed however out of the sample of 18, 17 relating to a specific department had not been signed or dated and were not recorded in accordance with the Council's risk assessment guidance.
- 7.6 Risk assessments covering more general day-to-day operations at the school are not in place and there isn't a central location where they are accessible to all staff.
- 7.7 A risk review should be conducted with relevant staff to identify potential risks that are present in the day to day operations of the school. Once the risks are identified and assessed, controls can be recorded and implemented following the risk assessment guidance. A register of risk assessments should be kept to help with oversight of risk management in the school and as a record of required review dates. Risk assessments should be updated yearly or when there are changes required.

Recommendation 7

8.0 Community Use of the School

- 8.1 Sanday School is a Community School. The entire school is managed by the Head Teacher with the community part of the building being operated by the Sanday Community Association made up of volunteers. The Head Teacher supports a positive working relationship with the Community Association and attends regular Community Association meetings.
- 8.2 The layout of the building lends itself to ensure that community access to the school side is not possible during school hours. The doors connecting the school to the community wing are kept locked at all times. There are times when the school uses the changing rooms and swimming pool on the community side and this is well managed to ensure the safety of the children. School staff are aware of when the community wing is in use as there are regular bookings and if there are ad hoc bookings, the Head Teacher is consulted.
- 8.3 The Community School Handbook purpose is to be a model for encouraging positive and effective relationships between the School and the Community Association based on proven good practice and well-established procedures. This is currently in draft form as it is being updated as part of a wider review of Community Schools in Orkney.
- 8.4 As well as the Community School Handbook, there is also a Community Association Keyholder Handbook which has recently been revised in February 2024.
- 8.5 On reviewing the Community School Handbook provided to the Head Teacher in June 2024, it was found that the policies attached are out of date including the fire safety, data protection, risk assessment and health and safety policies.
- 8.6 The Community School Handbook should be progressed to completion with relevant links to policies and procedures as required.

Recommendation 8

9.0 Administration of Medication

- 9.1 'Guidance for Supporting our Children and Young People with Healthcare Needs' produced by Orkney Health and Care and updated in 2020 sets out procedures to follow to ensure the safe administration of medication in line with Scottish Government and Care Inspectorate guidance. Sanday school have been following guidance updated in 2019 that had been adapted for the school. Through the course of the audit, they were sent the updated guidance from 2020.
- 9.2 As the school has been following a previous version of the guidance, there were some procedures that were not in line with the current policy concerning storage of medications and the level of detail required when record keeping. We understand that school staff have already been reviewing and adapting procedures in response to the new guidance having been received and therefore no recommendation is required.

No Recommendation

10. Business Continuity Plan

- 10.1 The Head Teacher has been working with the Safety and Resilience Service Manager to develop an enhanced safety plan and if the school had to be evacuated, it would be the Head Teacher's plan to decant all pupils and staff to the nearby Heilsa Fjold Centre which is Sanday's Youth and Community Centre, run by the Sanday Development Trust.
- 10.2 Although emergency plans are being considered, a business continuity plan should be developed alongside the enhanced safety plan and shared with all stakeholders.

Recommendation 9

11. Purchasing

- 11.1 Integra (P2P) is the finance system used by the Council to raise purchase orders, authorise purchases, create goods received notes and pay invoices.
- 11.2 A sample of 30 transactions were tested to check that a purchase order had been created on Integra prior to the purchase being made. 8 out of 30 transactions did not have corresponding purchase order numbers and were authorised for payment after the invoices had been issued.
- 11.3 During the school visit, it was established that the school use an unofficial purchase order book to request supplies from the local shop in order to keep track of what is being ordered and when. The shop invoices monthly providing an itemised bill at this stage and this is then sent to the Head Teacher to authorise.
- 11.4 Official purchase orders should be raised and authorised prior to purchases being made. A pre-authorised purchase order should be made ahead of orders sent to the local shop where it is not possible to anticipate the total cost of the order.

Recommendation 10

12. Notifications to Payroll

- 12.1 It is important that staff terminations, transfers, extensions and promotions are timeously notified to payroll to prevent over or underpayments to staff.

- 12.2 A sample of contract changes during the audit period were tested to check that payroll had been notified timeously and ahead of payroll deadlines which are sent out each year as a memorandum.
- 12.3 Out of 8 contract changes tested as a sample for the audit period, 5 were not timeously notified to payroll. One resulted in a member of staff being overpaid and having to repay a significant sum of money due to the length of time between temporary hours ending and the notification being submitted 1 year and 8 months later.
- 12.4 As highlighted in a previous school establishment audit, reminders are sent to managers when a temporary contract is due to end so that the notifications can be raised in plenty of time for the payroll deadlines. As a recommendation was made with regards to this process in a recent previous audit, no recommendation is required.
- 12.5 The Head Teacher has been receiving reminders and communications regarding the end of temporary contracts over recent months and feels that the process has improved due to the communications received.

No Recommendation

13 Management of Staff

- 13.1 Staffing arrangements for the school are appropriately determined and administered in accordance with national conditions and local policies. The Head Teacher has a staffing establishment meeting in March each year with the Service Manager for Secondary and Tertiary Education as well as a Senior Administrator from the Education Service and this leaves time for recruitment to take place ahead of the new school year starting the following August. There is also a meeting with other Junior High heads to ensure there is a joint approach to staffing decisions.
- 13.2 There is an authorised establishment for the school and all personnel have a record and contract in place, held electronically by HR or on paper file by the Education Service who are in the process of scanning all paper files with the aim of eventually being all electronic. All records are stored securely.
- 13.3 There are monthly deadlines for timesheets to be submitted to Education in time for payroll deadlines. Supply staff or staff working temporary additional hours complete timesheets which are then authorised by the line manager and then further authorisation is obtained from Education staff. New procedures have recently been communicated regarding supply teacher timesheets to help reduce the need for education administrative staff to correct inaccuracies.
- 13.4 Within the sample of timesheets tested as part of this audit, 3 out of 5 had minor corrections made by Education staff however no recommendation is being made as they had been completed prior to the new guidance being issued.
- 13.5 Mileage, travel and subsistence claims are made through Integra and are authorised by the Head Teacher before payment is made. There are not many claims as most staff travel is block booked centrally.
- 13.6 All unpaid leave requests were appropriately authorised using the leave of absence procedure.

No Recommendation

Action Plan

Recommendation	Priority	Management Comments	Responsible Officer	Agreed Completion Date
1 To support the system of review over all school policies, procedures and handbooks, a register should be created along with planned review dates for each document. Once reviewed, policies can be uploaded to the website to share with parents and carers.	Low	Agreed	Head Teacher	31 January 2025
2 Pupil records retained should be reviewed against the OIC retention schedule and a system should be put in place to manage future records so that they are securely destroyed once the retention period has expired.	Low	Agreed	Head Teacher	31 August 2025
3 A review of movable, valuable and desirable property should be undertaken and any requiring to be marked as property of OIC should be marked with a UV pen.	Low	This has been tasked, UV pen purchased.	Head Teacher	31 October 2024
4 The school IT register should be reviewed regularly and updated to include all items of IT equipment in the school.	Low	This has been started, with items being added to the registry held by IT.	Head Teacher	31 October 2024
5 All staff indicated as overdue should undertake the mandatory iLearn training as soon as possible. Managers should remind staff members who are overdue to complete these as a priority.	Low	Ongoing. Overdue staff have since retired so currently everyone is up to date.	Head Teacher	30 September 2024
6 To facilitate reconciliation with the monthly bank statements, the school's master spreadsheet recording outgoings should be updated to include income so that it is possible to match the balance with the bank statement without having to review the separate funds individually.	Low	Agreed	Head Teacher	30 April 2025

<p>To ensure segregation of duties is evidenced, when reconciliation has been completed, the Head Teacher should initial or sign and date to indicate this has been completed.</p> <p>Now that the Head Teacher is in post, the bank should be notified so that bank statements can be correctly addressed and the Head Teacher added as a signatory so that there are at least two permanent members of staff on record.</p>				
<p>7 A risk review should be conducted with relevant staff to identify potential risks that are present in the day to day operations of the school. Once the risks are identified and assessed, controls can be recorded and implemented following the OIC risk assessment guidance. A register of risk assessments should be kept to help with oversight of risk management in the school and as a record of required review dates. Risk assessments should be updated yearly or when there are changes required.</p>	Medium	<p>The Head Teacher will undertake Risk Assessment training in order to better understand the requirements. Risk assessments will be checked, dated and signed when reviewed.</p>	Head Teacher	31 August 2025
<p>8 The Community School Handbook should be progressed to completion with relevant links to policies and procedures as required.</p>	Low	<p>A wider review of community schools is currently being undertaken, which will include an update of the Community School Handbook</p>	Service Manager (Community Learning, Development & Employability)	31 August 2025
<p>9 A business continuity plan should be developed alongside the enhanced safety plan and shared with all stakeholders.</p>	Low	<p>The Head Teacher will create a plan.</p>	Head Teacher	31 October 2025
<p>10 Official purchase orders should be raised and authorised prior to purchases being made. A pre-authorised purchase order should be made ahead of orders sent to the local shop where it is not possible to anticipate the total cost of the order.</p>	Low	<p>This item has already been actioned.</p>	Head Teacher	30 September 2024

Key to Opinion and Priorities

Audit Opinion

Opinion	Definition
Substantial	The framework of governance, risk management and control were found to be comprehensive and effective.
Adequate	Some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or become inadequate and ineffective.
Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Recommendations

Priority	Definition	Action Required
High	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium	Weakness in governance, risk management and control that if unresolved exposes the organisation to a significant level of residual risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low	Scope for improvement in governance, risk management and control.	Remedial action should be prioritised and undertaken within an agreed timescale.